

Message Text

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45

ACTION ARA-20

INFO OCT-01 ISO-00 ACDA-19 EB-11 COME-00 MC-02 AID-20

IGA-02 SSO-00 NSCE-00 INRE-00 USIE-00 CIAE-00 DODE-00

PM-07 H-03 INR-10 L-03 NSAE-00 NSC-07 PA-04 RSC-01

PRS-01 SP-03 SS-20 STR-08 TRSE-00 DRC-01 /143 W

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O R 041605Z APR 74

FM AMEMBASSY SAN SALVADOR

TO SECSTATE WASHDC IMMEDIATE 5149

INFO AMEMBASSY TEGUCIGALPA

LIMITED OFFICIAL USE SAN SALVADOR 1352

E.O. 11652 GDS

TAGS; BBAK; ETRN; ES

SUBJ: PATTERSON CORPORATION (CENTRAL AMERICAN AEROSPACE)

REF: A. SAN SALVADOR 1264; B. STATE 065693

1. LARRY CARR, PRESIDENT OF PATTERSON CORP., RETURNED TO SAN SALVADOR AS ANTICIPATED IN REF A. AND UPON ARRIVAL MOUNTED HIS COUNTER ATTACK ON THE US WIRE SERVICE REPORTS CONCERNING THE CUSTOMS SEIZURE. HIS RELEASES TO THE LOCAL PRESS APPEAR TO HAVE BEEN CARRIED IN FULL AND HIS REITERATION OF PLANS TO ESTABLISH CENTRAL AMERICAN AEROSPACE SUBJECT TO ANY DESIRES OF THE GOES, SPECIFICALLY PRESIDENT MOLINA, HAVE BEEN FEATURED PROMINENTLY AND DAILY SINCE MARCH 30. HE CALLED ON EMBOFF APRIL 1 AND DISCUSSED THE STATUS OF PATTERSON AND HIS PLANS TO RESOLVE PROBLEMS. HE PERMITTED EMBOFF TO REVIEW HIS PROPOSED BRIEF TO THE US DEPARTMENT OF JUSTICE AND PROPOSED INTERNATIONAL NEWS RELEASE (EMBOFF MADE IT CLEAR THAT THIS IN NO WAY IMPLIED EMBASSY CLEARANCE). CARR SAID HE WOULD MAKE SEVERAL CHANGES BASED ON EMBOFF'S COMMENTS, PARTICULARLY CORRECTING THE ERRONEOUS STATEMENT THAT THE EMBASSY HAD BEEN MADE AWARE OF THE PARTICULARS OF THE PROPOSED SHIPMENT (NAME OF SHIP, DATE, ETC.).

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COPIES OF THESE TWO PAPERS AND A REFERENCE REPORT ON LARRY

CARRWERE AIRPOUCHED TO ARA/CEN/ES-MR. COTTER APRIL 1.
ACTION REQUESTED: THAT APPOINTMENTS WITH ARA/CEN DIRECTOR
DAVID LAZAR AND PM/MC DIRECTOR JOHN SIPES BE MADE FOR CARR
AFTERNOON OF APRIL 4 OR FRIDAY A.M. APRIL 5.

2. CARR ADMITTED TO EMBOFF THE BASIC ERROR OF NOT FOLLOWING
EMBASSY'S RECOMMENDATION REPEATED OFTEN SINCE FROM DECEMBER 11 THAT
HE CONTACT MUNITIONS CONTROL. HE SAID HE HAD RELIED
ON PATTERSON'S CUSTOMS BROKER WHO SAID THEY DID NOT NEED IT.
EMBOFF ALSO REMINDED HIM OF THE ADVISABILITY OF VISITING
THE DEPARTMENT (DESK AND PM/MC). CARR SAID HE HAD PROBLEMS
TO DATE OPENING CERTAIN DOORS IN WASHINGTON, PARTICULARLY
THE S.E.C. WITH CONGRESSIONAL ASSISTANCE HE EXPECTS APPOINTMENTS
WITH KEY OFFICIALS IN JUSTICE AFTER
HIS ARRIVAL IN
WASHINGTON APRIL 4. CARR WOULD LIKE TO MAKE HIS FIRST CALLS
AT THE DEPARTMENT. ON OUR SUGGESTION WE RELAY HIS REQUEST
FOR APPOINTMENTS WITH ARA/CEN DIRETOR DAVID LAZAR AND
MUNITIONS CONTROL DIRECTOR JOHN SIPES IN THE PERIOD AFTERNOON
APRIL 4 AND A.M. OF APRIL 5. CARR MAY BE REACHED THROUGH
EARL COCKE (ALLEGEDLY EX-DIRECTOR OF IBRD) ON AREA CODE 202-
293-1322. CARR HAS TELEPHONE NUMBERS OF STATE CONTACTS
AND SAID HE WILL CALL TO OBTAIN APPOINTMENT TIMES BY MID-DAY
APRIL 4.

3. CARR APPEARED VERY CONCERNED AND EAGER TO IDENTIFY THE
SOURCE OF HIS PROBLEMS AND RESOLVE THEM. HE SAID HE IS NOT
SATISFIED THAT THE MOTIVE FOR SEIZING THE SHIPMENT WAS PURELY
DUE TO LACK OF THE MC LICENSE. HE SAID THAT DURING
HIS STAY IN THE US HE RECEIVED A CALL FROM "EX-PATTERSON"
ASSOCIATE AL PADILLA SAYING THAT FOR \$10,000 HE WOULD "FIX
THINGS WITH CUSTOMS. CARR SAID HE TURNED THIS DOWN BUT RE-
FLECTED ON THE FACT THAT A KEY CUSTOMS OFFICIAL INVOLVED IS ALSO
NAMED PADILLA. CONCERNING THE SITUATION OF PATTERSON, CARR
SAID EVERYTHING WAS OBVIOUSLY IN TURMOIL AND THAT THE USG'S
ACTION COULD IRREPARABLY DAMAGE THE CORPORATION. BUT,
ACCORDING TO HIM, PATTERSON'S STOCKHOLDERS WERE BACKING HIM
COMPLETELY.

4. CARR CALLED EMBOFF APRIL 2 TO REPORT ON HIS CALL ON
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PRES MOLINA APRIL 1. CAA VICE PRESIDENT ARTINANO ARRANGED
THE CALL AND CARR SAID THAT DURING THE ONE AND HALF HOUR
VISIT THE PRES WAS VERY CORDIAL AND EXPRESSED THE HOPE
CARR WOULD RESOLVE HIS PROBLEMS AND BE ABLE TO CONTINUE WITH
HIS INVESTMENT PLANS IN EL SALVADOR. FOR HIS PART, CARR SAID
HE TOLD MOLINA HE INTENDED TO CLEAR UP "THE MESS" AS SOON AS
POSSIBLE, THAT HE WOULD ABIDE BY MOLINA'S WISHES, AND THAT EVEN
IF THE HELICOPTER PARTS WERE NOT AVAILABLE HE WOULD LIKE TO

INVEST IN AN AVIATION MAINTENANCE AND ASSEMBLY OPERATION INVOLVING OTHER AVIATION PRODUCTS. CARR REPORTED THAT ARTINANO WAS ARRANGING CALLS ON THE MOD AND OTHER PRINCIPAL OFFICIALS. HE SAID HIS LAWYER DR. ULLOA CASTRO MET WITH INSAFI'S ROEDER MARCH 31 AND WAS TOLD THE CAA PROJECT WOULD RECEIVE GOES BLESSINGS ONE PATTERSON'S NAME IS CLARED.

5. A PRESS ARTICLE APPEARING APRIL 3 QUOTED FORMIN BORGONOVO SAYING DEPARTMENT OF STATE HAD BEEN ASKED TO EXPLAIN THE MATTER OF THE SEIZED SHIPMENT TO THE GOVT OF HONDURAS SO AS TO AVOID "MISUNDERSTANDINGS AND UNNECESSARY TENSIONS". IF FURTHER QUOTED BORGONOVO US SAYING THE GOES HAS NOTHING TO DO WITH SHIPMENT UNTIL IT ARRIVES AT EL SALVADODQOR WHEN THE DOCUMENTS ARE PRESENTED TO A SALVADORAN CONSULATE HE DESCRIBED THE TARIFF TREATMENT WHICH WOULD BE ACCORDED IMPORTED PARTS INTENDED FOR ASSEMBLY AND RE-EXPORTATION AND SAID NO GOES MINISTRY HAD ISSUED AN AUTHORIZATION IN THIS CASE. THEN HE ADDED THAT THIS IS NOT TO SAY THE GOES OPPOSED THIS TYPE OF INVESTMENT AND THAT IT WAS HIS IMPRESSION THAT THIS INCIDENT OWED MUCH TO A LACK OF INFORMATION AND PRINCIPALLY TO THE "PREMATURE" ATTEMPT TO SHIP BEFORE OBTAINING PROPER USG AUTHORIZATION. COMMENT: THE EMBASSY HAS NOT BEEN QUERIED ON THIS BY GOES OFFICIALS SINCE CARR'S RETURN.
CAMPBELL

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